

Impact of Servant-Leadership on Employee Engagement and Workplace Productivity

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June 4, 2014

Introduction

Employee disengagement remains a common problem in organizations today, and it dramatically impacts bottom-line profitability. Frank et al. suggested that engaging employees is “one of the greatest challenges facing organizations in this decade and beyond,” (as cited in Wildermuth & Pauken, 2008, p. 122). According to Gallup, an international survey and consulting firm, disengaged and unproductive workers are costing U.S. businesses over \$300 billion annually (as cited in Mitchell, 2012, p. 92).

Although the purpose of this literature review isn't to address the financial impacts of disengagement or lack of workplace productivity per se, it is worth mentioning. The literature and academic research have established positive correlations between employee engagement and organizational performance. Furthermore, the ability to increase performance ultimately depends on the quality of leadership within an organization (Marquard 2010).

According to Choudhary et al. (2013), if an organization is looking to get maximum output from employees, a good leader is essential. With this in mind, this literature review specifically focuses on a particular ethical leadership style that has grown in popularity in recent years, and its impact on employee engagement and workplace productivity: that style is servant-leadership.

According to Parris and Peachey (2013), there is a growing perception that corporate leaders have become selfish; as a result, many organizations “are seeking a viable leadership theory to help resolve the challenges of the twenty-first century” (p. 378). Servant leadership may be the answer, especially when you consider current literature suggests the theory “is applicable in a variety of cultures, contexts, and

organizational settings” (Parris & Peachey, 2013, p. 388). Although servant leadership is an atypical leadership model for many business leaders, both in theory and in application, it’s a fresh perspective. If today’s business leaders adopt the model and “get it right,” they can be elevated to a level of greatness (Udani & Lorenzo-Molo 2013) that may very well engage today’s disengaged workforce and increase their productivity.

What is Employee Engagement?

Employee engagement has been receiving a lot of attention. Welbourne said it’s one of the “hottest topics in management” (as cited in Wildermuth & Pauken, 2008, p. 122). William Kahn defined it as “the harnessing of organization members’ selves to their work roles,” (as cited in Wildermuth & Pauken, 2008, p. 123).

The term “engagement” finds its roots in role theory (Wildermuth & Pauken 2008). It is highly associated with employee motivation and commitment in the workplace. In fact, the term “citizenship behavior” was largely used in the later part of the twentieth century (Marquard 2010). According to Watson Wyatt Worldwide, “engagement occurs when employees are motivated to help the company succeed (commitment) and know what to do to make it successful (line of sight)” (as cited in Marquard, 2010, p. 8).

While many focus on the positive impact that employee engagement has on organizational performance, employees benefit as well. Loehr suggested that engagement benefits include increased enthusiasm, greater value to their employer, health improvements, and overall happiness (as cited in Wildermuth & Pauken, 2008, p. 124). Here’s the unfortunate thing: despite the benefits of engagement, among all currently employed U.S. workers, only 25 percent are engaged in their work, 50 percent are not

engaged, and 15 percent are actively disengaged, (Wildermuth & Pauken 2008). Let's face the facts; the numbers are alarming. Armache (2013) suggests that companies have a responsibility to foster work environments that give employees the opportunity to act in empowered ways and ultimately reach their full potential. The numbers suggest that today's organizations are falling short.

In order for team members to be actively engaged in their work, and perform at peak levels of productivity, there must be a high degree of intrinsic motivation driving their behavior. Thomas and Velthouse suggested that increased intrinsic motivation is made manifest through four key cognitions (as cited in Armache, 2013, p. 22):

1. Meaning (the value of the work, goal or purpose)
2. Competence (self-efficacy)
3. Self-determination (autonomy in the initiation and continuation of work behaviors)
4. Impact (personal influence on work outcomes)

Organizational Benefits of Employee Engagement

The current business environment is more dynamic and more uncertain than ever before, and organizations are looking for ways to establish and sustain a competitive advantage. Employee engagement and increases in workplace productivity may be the driving forces today's organizations are looking for. According to Armache (2013), employee engagement, which he refers to as employee empowerment, "fosters innovation, creativity, motivation and instills shared values to promote the atmosphere for learning, knowledge and accomplishment," (p. 19). As a result, the organization experiences increases in productivity and employee commitment. These increases often

lead to improved customer service and satisfaction as well. As Armache states, without customers, a company will not be in business for long:

One of the purposes of business is to acquire and gain new customers, retain them, and have them consume more and more of the company's products and services. Empowered employees can make decisions that meet customer needs and can make exceptions that solve troubles (Armache, 2013, p. 23).

According to Kahn, engaged employees are "psychologically present." As a result, Schaufeli claims that these employees "give their 'all' to their jobs and are willing to go 'the extra mile' to achieve success" (as cited in Wildermuth & Pauken, 2008, p. 123). This extra effort ultimately results in increased and superior performance. Harter et al.'s analysis of 36 companies concluded that there are significant correlations between employee engagement and improvements in Key Performance Indicators like customer satisfaction, workplace productivity, bottom-line profitability, employee turnover, and overall organizational safety (as cited in Wildermuth & Pauken, 2008, p. 123).

Examining Servant-Leadership

The Founding Father of servant-leadership is Robert K. Greenleaf. He coined the term in 1970, and stated, "The servant-leader is servant first. It begins with the natural feeling that one wants to serve. Then conscious choice brings one to aspire to lead," (as cited in Finley, 2012, p. 135). Servant-leaders put the needs of the follower first, the needs of the business second, and their own needs last (Jones 2011). According to Boone and Makhani (2012), servant-leaders require five necessary attitudes: 1) being vision-oriented; 2) listening well; 3) a firm commitment to their staff's success; 4) a willingness to give away their power; and 5) a focus on community. Jone's (2012) research suggested

that a culture founded upon servant-leadership leads to increased productivity, improved profits, decreased turnover, and increases in overall job satisfaction/engagement.

Servant-leadership is unlike many other leadership styles. Historically, great leaders have been viewed as those individuals who create, articulate, and craft a shared vision that ultimately guides their organizations into new directions (Parris & Peachey, 2008). Servant-leadership is more employee-centric – it's achieving organizational success through people, not strategic vision. It's focusing on helping others within the organization reach their full potential, not on obtaining monetary gain. As Greenleaf suggests...

The difference manifests itself in the care taken by the servant-first to make sure that other people's highest priority needs are being served. The best test, and difficult to administer is this: Do those being served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants (as cited in Parris & Peachey, 2013, p. 383).

Servant-leadership "can work best with companies that have already identified the crucial significance of business ethics and ethical leadership, but simply need an authentic and workable model that has achieved results" (Udani & Lorenzo-Molo, 2013, p. 387).

Analysis and Discussion

In today's dynamic business environment, it's imperative that organizations get the greatest amount of productivity from a loyal workforce. "For the past half-century researchers have collected mounting empirical evidence linking management theory and environmental factors to worker productivity," (Marquard, 2010, p. 14). An examination

of leadership theory plays an integral role in that research. We are in a new economy, and when you are in a new economy, organizations that do not adapt, perish. Today's business leaders are beginning to understand the importance that leadership has on engagement and workplace productivity. A large factor in driving this is the understanding that leaders must "nurture the commitment and goodwill of the employee population," (Marquard, 2010, p. 14). Fortunately, servant-leadership has had significant increases in popularity in recent years. Many organizations are beginning to view it as a promising solution for leaders to be more efficient, principled, and employee-focused (Jones 2011). With that being said, when organizations are considering implementing and developing a servant-leadership culture in an effort to improve employee engagement and workplace productivity, the strategy must have complete buy-in from the executive suite and upper-level management.

Upon further examination of the literature, there were some gaps identified with servant-leadership. For example, there is insufficient empirical research exploring the impact of servant-leadership in organizational settings. Furthermore, among scholars, there still isn't an accepted definition of what servant-leadership really is (Parris and Peachey 2013). This implies there is a need to further investigate servant-leadership; in particular, the development of the style within leaders themselves. Parris and Peachey (2013) suggest that the personal attributes of the leader, the background of the leader, and organizational history should all be examined in an effort to gain a better understanding of leadership styles and their impact on organizational outcomes.

Conclusion

In consideration of the impact of servant-leadership on employee engagement and workplace productivity, there are specific questions that must be answered to further the research: a) what are the factors that contribute to disengaged employees; b) what are the long-term impacts of servant-leadership on employee engagement and workplace productivity; and c) what are the driving factors that ultimately increase motivation, and therefore, also contribute to increased engagement and workplace productivity? A close examination of servant-leadership behavior in organizations, may lead to a better understanding of what motivates and engages employees to perform at their full potential.

As Parris and Peachey (2013) suggest, “Servant leadership contrasts, traditional leader-first paradigms, which applaud a Darwinism, individualistic, and capitalist approach to life, implicating that only the strong will survive” (p. 390). Unfortunately, this is the philosophy under which many organizations operate today. Is this ultimately the cause for such high levels of disengagement in today’s workforce? Whether it is or isn’t, servant-leaders don’t believe that organizations must operate this way (Keith as cited in Parris & Peachey, 2013, p. 390). In fact, servant-leaders are working hard to change their organizations for the better. It is possible servant-leadership could have more of an impact on the world than we think. Jesus Christ, an exemplary servant-leader who founded Christianity, and who lived his life serving mankind and sacrificing his life for them (Udani & Lorenzo-Molo 2013), believed it could.

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